PotatoChipsMachinery

The Pre-Feasibility Study

Potato Chips Industry Investment in New Zealand

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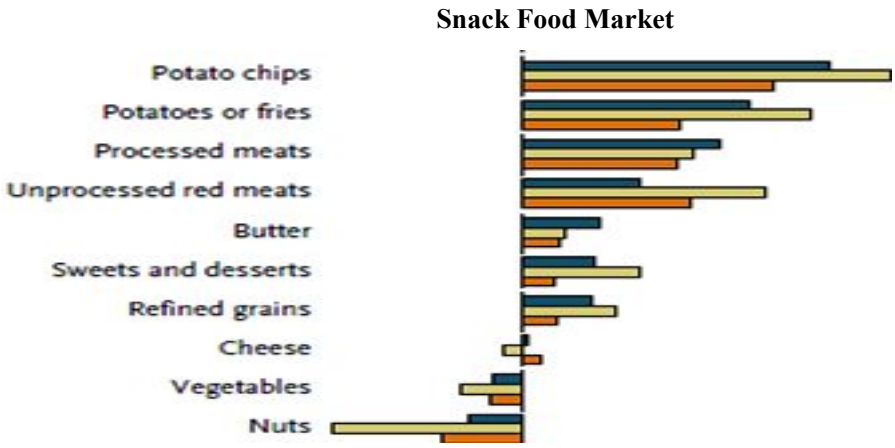
1. Summary

New Zealand potato chips are popular in domestic market and foreign market with its best quality, safety and authenticity. The potato chips market of New Zealand is on the rise. The proposed project involves in setting up a potato chips industry in New Zealand that is equipped with automatic potato chips machines. This study mainly analysis the current market, the pre-feasibility of setting up a plant, the whole snack food market in order to give an overall perspective of the market.

2. General Introduction to Potato Chips

A potato chip or crisp is a deep fried or baked thin slice of potato that is commonly served as an appetizer, side dish, or snack. Potato chips are the most popular snack food in the world. People snack potato chips almost every day. Even though people have more concern on health issue, potato chips still are in badly need as potato chips manufactures invent low-fat potato chips for girls who are on diet and less oil and fat contain for customers.



When comes to potato chips industry, it should be equipped with highly automatic potato chips machines which can save the labor and reduce the material cost, save energy and increase the efficiency.

- Washing & Peeling Machine - For washing and peeling fresh potatoes.
- Potato Chips Machine - For slicing potatoes into chips or slices.
- Potato Chips Blanching Machine - For blanching the potato chips. It is used to kill harmful bacteria and keep original flavor in food.

- Potato Chips Dehydration Machine - For draining the water on the surface of chips.
- Potato Chips Frying Machine - For frying the chips.
- Potato Chips De-oiling Machine - For draining the oil on the surface of chips.
- Potato Chips Seasoning Machine - For flavoring the chips. Potato chips and French fries can be added with various sauce for different taste.
- Nitrogen Filled Potato Chips Packaging Machine - For packaging the chips. Packaged potato chips can reserve for a long time without any

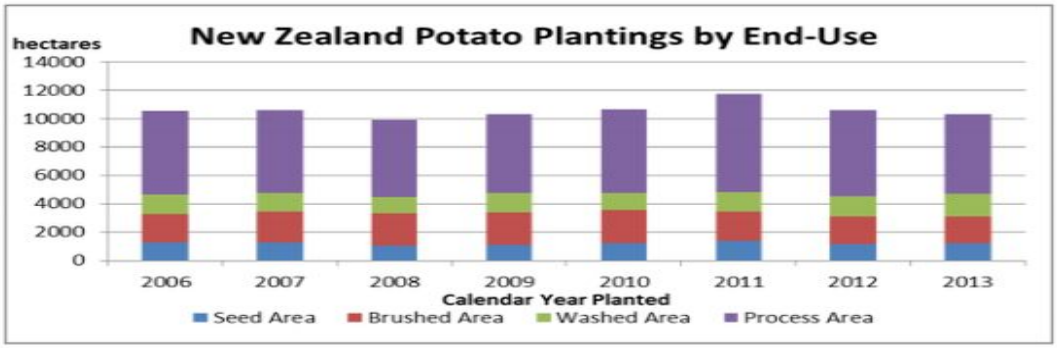
3. Crucial Factors & Steps in Decision Making for Investment

3.1. SWOT Analysis

Before entering a new market, a market research should be done in order to make a strategic planning. A SWOT Analysis can be helpful when making decision for investment. It can give investors a whole view of the new market.

STRENGTHS

- Plentiful raw material, fresh potatoes.
- Highly automatic potato chips production equipment which can increase the efficiency
- Premium quality potato chips badly in demand with people paying more attention on health issue
- Having high credibility around the world when it comes food quality, safety and authenticity
- Low cost structure than Australia or the United States
- Favorable investment environment
- Low inflation economic environment



WEAKNESS

- Less skilled staffs compared with the already established companies
- Climate problems and disease may cause the shortage of material sometimes.
- Initial period waste
- Weak market linkage

OPPORTUNITIES

- High demand for premium quality potato chips domestically and abroad
- Busy lifestyle making people tend to on-the-go foods in New Zealand
- Potato chips are one of the most favorite snack in New Zealand
- The potato chips market is expanding day by day.
- Growth of Asian middle class; increasing wealth in Asian as it is a major export market for New Zealand snack food.

THREATS

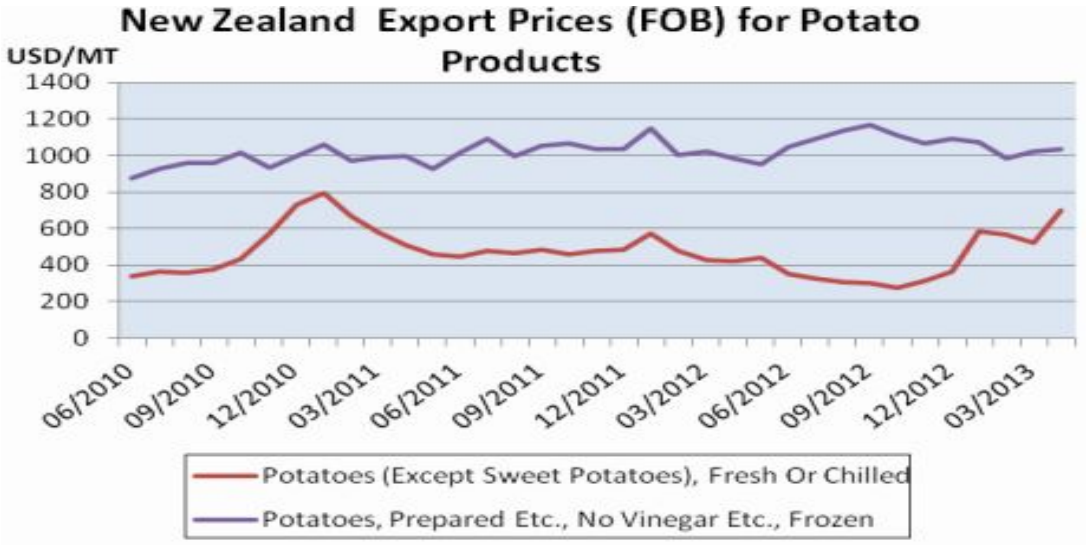
- Competition from already established potato chips industries
- Exchange rate variability

3.2. Key Success Factors

To enter a new market, one of the most important thing is marketing as it is a way to gain attention from people. It is also a key to open the market and show its advantages and differences and high quality. Another factor, the fundamental of the products is the product. Only the product in premium quality can it enter the market successfully. Besides that, advertisement and promotion activities should be done to gain the market share.

4. New Zealand Potatoes Production & Potato Export

Potatoes were first planted in New Zealand in 1769. After people see some advantages of potatoes over other traditional crops, New Zealand people began growing them in quantity as potatoes could be grown in cooler climates, give higher yields and were easier to store. With improved growing practices and fewer viruses, the yield and quality of potatoes increase during the 20th century. By the beginning of 21th century, New Zealand potato growers were averaging 60 tonnes hectare. There are over 50 varieties of potato grown in New Zealand. Production mainly in the Pukekohe, Manawatu, South Canterbury and Southland areas.



In 2013, New Zealand potato production reached 525,000 metric tons and was marginally (5%) ahead of 2012 production. The potatoes not only meet the domestic demand, but also export to other countries, mainly processed potatoes, such as frozen french fries, potato chips and crisps. Fiji is by far New Zealand's biggest market for fresh potatoes as exports to Fiji in 2012 and 2013 increased approximately 15% in volume compared to previous years. There had been some "disruption" in the export of frozen French fries, of which about 8000 tonnes are exported each month. Australia is one of New Zealand's major export market, mainly taking French fries, potato chips and other processed potato products. New Zealand's potato export market also includes Asia, Vietnam, South Korea and other countries.

New Zealand Grown Potatoes Production&Demand Estimated 2012

Description	Metric Tons

Total Volume to Merchant or Actually Processed	500,000
Processed for Domestic Consumption	250,000
Processed for Export	165,000
Retained for Seed	5,000
Exported Fresh	30,000
Consumed Fresh Domestically	50,000
Total Usage	500,000

5. Potato Chips Market in New Zealand

5.1. New Zealand & Snack Food Industry

New Zeaaland's snack food market contains sweet snack foods market and salty snack food market. Potato chips belong to the salty snack foods market. In New Zealand, there is a competition in snack foods market from a number of suppliers, and, in particular, from Lay's, ETA, Pringles, Prolife, Mexican Foods, Bluebird, Progressive and Foodstuffs. Though people in today pay more attention on health issue, snacks still are their favorite foods. The snack foods market still appear to increase in the following year.

5.2. Potato Chips Market

Potato chips are the most popular snack food in New Zealand. As market research, about 44% of New Zealanders in the yearr to January 2013 bought some in an average four-week period which was unchanged from the year to January 2009.

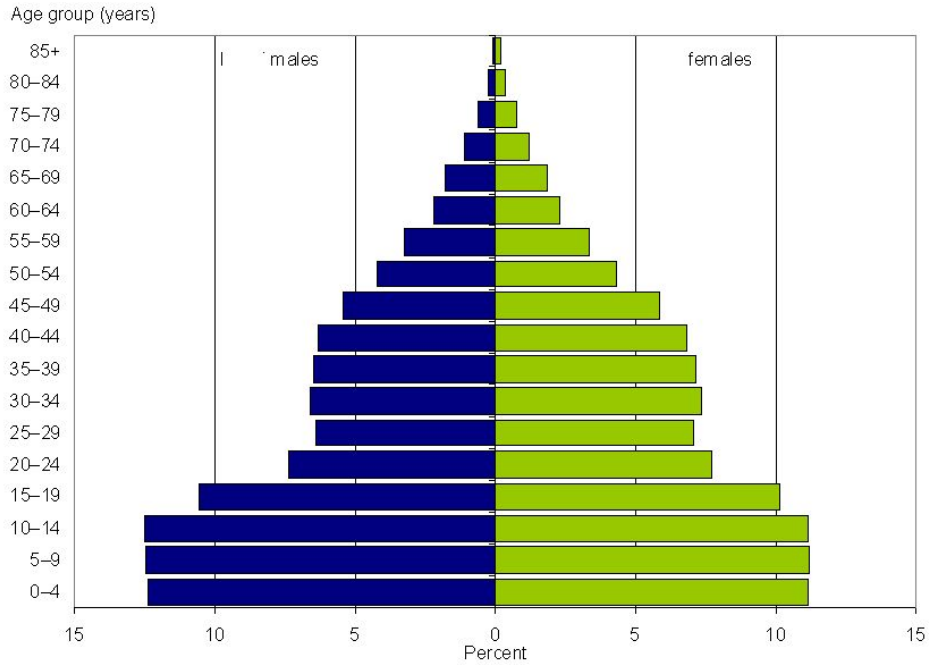
New Zealand - a country trusted worldwide in having high credibility when it comes food quality, safety and authenticity. Therefore, New Zealand's potato chips are quite popular in foreign countries. The export of potato products reached to South East Asia, Australia, Malaysia, Singapore. Australia is one of the main export market, taking over 46% of the total volume of all potato products exported in 2012. Among the whole export potato products to Australia, frozen French fries comprise 98% of the total volume and potato chips comprise 2%. The export potato chips market is of potential for a new player.

New Zealand Potato&Potato Products Export

Destination Country	2007	2008	2009	2010	2011	2012	% of Total in 2012
Australia	48,170	48,908	44,962	40,556	51,647	40,571	46.2%
Fiji	20,587	18,041	19,359	18,996	18,238	22,614	25.7%
Thailand	2,875	1,244	2,804	1,296	4,955	4,852	5.5%
French Polynesia	4,808	4,104	4,093	4,622	4,313	3,848	4.4%
Japan	4,515	2,835	3,882	4,011	4,526	3,681	4.2%
Papua New Guinea	1,806	1,886	2,242	2,912	3,454	2,186	2.5%
New Caledonia	1,569	2,599	2,013	1,856	3,098	1,688	1.9%
Samoa (Western)	1,329	1,367	1,611	1,453	1,324	1,594	1.8%
Malaysia	5,849	3,908	6,945	9,739	3,016	1,358	1.5%
Philippines	1,338	1,311	2,550	2,359	1,633	1,139	1.3%
Singapore	1,326	1,147	5,449	5,467	832	908	1.0%
Rest of the World	8,051	6,683	5,449	5,394	6,015	3,432	3.9%

World Total	102,223	94,031	101,357	98,660	103,050	87,875	100%

5.3. Target Customers



The New Zealand potato chips target children and young adults. Most family with children under 16 living are more likely than those without children to have purchased snack foods, especially potato chips with the best taste, flavor, crispy which are factors that attract young people and children.

6. Conclusion

With plentiful raw material, fresh potatoes, favorable investment environment in New Zealand, a new play can enter this potato chips market with less risk. The domestic and export market of potato chips are full of potential and all in demand for premium quality potato chips. A new player that can produce high quality potato chips may occupy market share in the future.